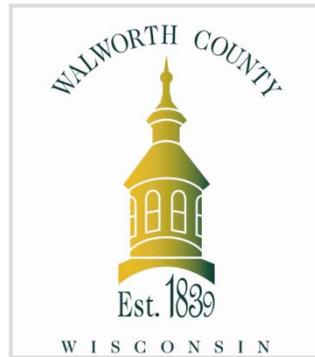


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# WALWORTH COUNTY, WISCONSIN

## QUARTERLY INVESTMENT REPORT

**June 30, 2015**



**WALWORTH COUNTY FINANCE OFFICE  
100 W. WALWORTH STREET  
ELKHORN, WI 53121**

<http://www.co.walworth.wi.us/Government%20Center/Finance/Investments/InvestmentHomePage.aspx>

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**EXECUTIVE SUMMARY**

The County's total investment portfolio shall be defined as all county cash and investments not reserved in a separately maintained account for a specific purpose. Funds are valued in this report at bank statement value as of the date specified. Accounts not included in the total investment portfolio are restricted by a third party.

The key objectives in managing the County's total investment portfolio are to provide safety of principal, to ensure liquidity to meet operating requirements, to generate a market rate of return ("Yield") on the investments, and to manage the portfolio within applicable laws. Cash flow projections match revenues with expenditures to ensure prudent investment principles to enable the County to soundly meet its financial obligations. The Investment Portfolio shall be structured in relation to prevailing budgetary and economic environments, taking into account the County's investment risk constraints and cash flow characteristics.

- Walworth County's investment portfolio is currently in compliance with Wisconsin statutes, the Walworth County Code of Ordinances and the County's Administrative Procedures Manual.
- Walworth County's investment portfolio has been maintained to provide safety of investments and cash flow needs. Investments are diversified into different investment vehicles to provide safety. In addition, all securities held are either backed by the U.S. Government or meet minimum ratings set by specified agencies.
- Our investment portfolio is entirely comprised of investments made during the low interest environment. The Finance department continues to follow economic news and seek input from brokers and advisors on near and long-term investment yield potential.
- The Local Government Investment Pool (LGIP) yields continue to remain low. Rates have been under 0.25% since November, 2009. The annualized LGIP rate has a current average of 0.10%.
- Current collateralized money market yields are as follows: Mid-America 0.63% and Associated 0.20%. The money markets provide the County with liquidity and offer a higher average yield than a six month treasury currently yielding 0.11%.
- We also maintain a collateralized money market with Chase, currently yielding 0.02% with a balance of \$1.8 million, as it allows for immediate access to funds.
- The investment portfolio with BMO is at \$5.3 million, yielding 0.85% annually, net of fees, not including market adjustments. Portfolio duration is currently 1.57 years to maturity, and contains \$3.2 million in agency securities, \$2.0 million in treasury notes, and \$0.1 million in a money market.
- The brokered portfolio held at Pershing is at \$46.8 million, yielding 0.95% (not including market adjustments) annually which includes \$43.8 million in agency securities and \$3.0 million in municipal debt. Portfolio duration is currently 1.81 years to maturity.
- The OPEB Trust will be reviewed separately from our operating investment portfolio, as this information is invested with a different investment philosophy due to its long term nature.

## INVESTMENT OVERVIEW AND OBJECTIVES

As is mentioned above, the main objectives in managing the County's total investment portfolio are to provide safety of principal, to ensure liquidity to meet operating requirements, to generate a market rate of return ("Yield") on the investments, and to manage the portfolio with applicable laws. The County's total investment portfolio is currently comprised of the following types of investments:

**LOCAL GOVERNMENT INVESTMENT POOL** – The primary objective of the LGIP is to provide for the prudent management of public funds on behalf of the local government investor. The investment strategy of this fund is prioritized as: safety of the principal, liquidity, and the rate of return. The funds in LGIP may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities, and Repurchase Agreements (Repo) secured by the U.S. Government. LGIP does not insure its Commercial Paper.

**CERTIFICATES OF DEPOSIT** – Certificates of deposit and other evidences of deposits from county board approved financial institutions which are authorized to transact business in the state, which time deposits mature in not more than three years.

**THE CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SERVICES, (CDARS)** – Financial institutions can offer CDARS because they are members of a special network. When a large deposit is placed with a network member, that institution uses CDARS to place the funds into certificates of deposit issued by banks in the network. This occurs in increments of less than the standard FDIC insurance maximum to ensure that both principal and interest are eligible for full FDIC insurance.

With the help of a sophisticated matching system, network members exchange funds. This exchange occurs on a dollar-for-dollar basis, so that the equivalent of the original deposit comes back to the respective institution and effectively stays local (meaning the full amount can support lending initiatives that build a stronger local community). The full amount of the original deposit becomes eligible for complete FDIC protection, and the institution receives just one regular statement detailing all your holdings.

**U.S. GOVERNMENT/TREASURY SECURITIES** – Obligations of the United States of America, its agencies and instrumentalities, provided payment of the principal and interest is fully guaranteed by the issuer.

**MUNICIPAL DEBT**—Instruments of any county, city, drainage district, vocational college, village, town or school district of the State of Wisconsin.

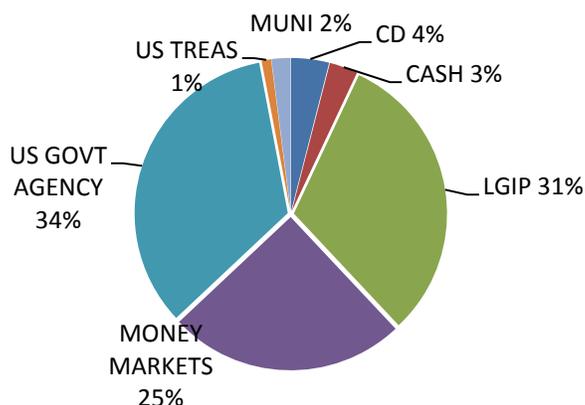
**PUBLIC FUNDS MONEY MARKET ACCOUNT** – The County has approved by resolution Public Funds money markets that are secured by collateral. These investments are used to provide short-term diversification and increase the current yields.

**REQUIREMENTS AND COMPLIANCE**

ITEM	DESCRIPTION OF REQUIREMENT	ACTUAL PORTFOLIO
<b>Credit Risk:</b>		
Collateral Policy	Investments other than U.S. Treasury backed securities or investments not under FDIC or WI guarantee shall be collateralized for a minimum of 102-110% of the deposits.	Current financial institutions comply
Security Diversification	No single agency shall hold more than 50% of the core portfolio, currently \$28,460,500.	Current investment holdings comply
Financial Institutions Limits	Investments held at any one institution shall be limited to 50% of the core portfolio, currently \$28,460,500.	All institutions comply
Debt Limits	Government debt held with any one entity shall be limited to \$3 million.	All institutions comply
<b>Liquidity Risk</b>	Liquid cash shall be maintained at \$10 million and available with 1 day notice.	\$ 73.8 million or 53%
<b>Reinvestment Risk</b>	Callable securities shall not exceed 50% of securities held.	\$ 15.0 million or 29%
<b>Market Risk:</b>		
Maturity Restrictions	Investments greater than 3 months and less than 1 year shall not exceed 95% of the total portfolio.	\$ 14.8 million or 11%
	Investments greater than 1 year and less than 5 years shall not exceed 100% of the core portfolio, currently \$56,921,000.	\$ 40.0 million or 70%

INVESTMENT CATEGORY	MAXIMUM MATURITY	AUTHORIZED LIMIT	ACTUAL PORTFOLIO
Certificates of Deposit	3 years	50%	4%
Operating Cash	N/A	N/A	3%
LGIP	N/A	75%	31%
Money Markets	N/A	95%	25%
U.S. Agency Securities	5 years	75%	34%
U.S. Treasury Securities	5 years	75%	1%
Municipal Debt	5 years	25%	2%

INVESTMENT TYPE	MARKET VALUE
Certificates of Deposit	\$ 5,325,000
Cash - Depository Bank	3,364,000
LGIP	43,778,000
Money Markets	34,985,000
Portfolio Money Markets	27,000
U.S. Gov. Agency Securities	46,972,000
U.S. Treasury Securities	2,046,000
Municipal Debt	3,057,000
<b>Total</b>	<b>\$ 139,554,000</b>



## BUDGET PERFORMANCE

The first table below shows the actual and budgeted interest earned for the quarter ended June 30, 2015 by investment type. The second table below shows the actual and budgeted interest earned for the quarter ended June 30, 2015 by account. The interest shown is on the county's total cash and investment portfolio. All accounts receive interest income based on the LGIP interest rate or actual interest earned.

INVESTMENT TYPE	INTEREST EARNED	2nd QUARTER 2015 BUDGET
Certificate of Deposit	\$ 15,683	\$ 12,930
U.S. Treasury/Govt. Agency	206,374	191,071
Local Gov Inv Pool (LGIP)	25,173	10,000
Depository Bank (Sweep)	336	129
Money Markets	49,047	39,000
Other Accounts Allocated Interest	(25,487)	(40,630)
<b>TOTAL NON-DEPT</b>	<b>\$ 271,126</b>	<b>\$ 212,500</b>
YTD Unrealized Gain/(Loss)*	\$ 140,573	N/A

\*Per County ordinance, this market adjustment will add/subtract from the County's committed fund balance amount available for these temporary gains/losses and will not directly offset the investment income budget. Current available funds in the committed fund balance account are \$1,007,170.

ACCOUNT NAME	INTEREST EARNED	2nd QUARTER 2015 BUDGET
Non-Department	\$ 271,126	\$ 212,500
Children with Disabilities Ed Bd	8,487	6,250
DPW Buildings Reserve	369	250
DPW Equipment Reserve	876	325
LHCC Building Reserve	794	412
LHCC Equipment Reserve	168	103
Health Insurance	10,520	7,500
Dental Insurance	453	275
Workers Compensation	1,496	1,250
Risk Management	2,324	968
<b>TOTAL PORTFOLIO</b>	<b>\$ 296,613</b>	<b>\$ 229,833</b>
<b>Budget to Actual Variance</b>		<b>\$ 66,780</b>

- 2015 year to date returns have exceeded budget by \$66,780.
- By diversifying into other investment vehicles, we have been able to increase the County's yields by more than three and a half times the LGIP benchmark. If the entire portfolio was invested at the benchmark rate, the forecasted interest earned year to date would have approximated \$82,069.
- Certificates of deposit currently held on June 30, 2015 have an average return of 0.51%.
- Securities held on June 30, 2015 have a yield to maturity at cost of 0.95% for our brokered securities and 0.85% at the BMO managed portfolio, net of investment fees.

**RESTRICTED ACCOUNT BUDGET PERFORMANCE SUMMARY**

Restricted cash and investments in funds/departments receive interest income based on the LGIP interest rate or actual interest earned based on investments held by fiscal agents.

<b>ACCOUNT NAME</b>	<b>INTEREST EARNED</b>	<b>2nd QUARTER 2015 BUDGET</b>
Land Information Fees	\$ 264	\$ 197
Risk Management	4,784	967
Clerk of Courts	319	1,250
Waddell Donations	50	50
Harrison Trust	22	-
<b>Total</b>	<b>\$ 5,439</b>	<b>\$ 2,464</b>

**INVESTMENT BENCHMARKS**

**Overall Investment Portfolio Benchmark**

The County has selected the Local Government Investment Pool rate as the benchmark for achievement for the investment portfolio. The following yields are as of June 30, 2015. The interest income amount does not include unrealized gains or losses.

<b>Investment Portfolio</b>	<b>Benchmark (LGIP)</b>	<b>Actual</b>
Current Holdings – Yield to Maturity at Cost	0.14%	0.49%
Year to Date Interest Income Net of Fees	\$ 82,069	\$ 291,485
2nd Quarter Average Return at Cost	0.03%	0.10%
Rolling 1 Year Average Return at Cost	0.10%	0.43%

The results show that the County is currently exceeding expectations in comparison to the benchmark. The County expects interest rates to continue to remain low during 2015. The change in strategy to include more diversity of investment types and maturity lengths has proven an increased yield compared to the benchmark.

## BMO INVESTMENT BENCHMARKS &amp; RESPONSE

**BMO Benchmark**

To review the performance of the BMO Short-term Portfolio, the Barclay Government 1-3 year index has been chosen. The investments within the index included US Treasury and Agency securities, which the BMO Short-term Portfolio holdings allow by the County's investment policy. The following shows the comparison of the BMO Short-term Portfolio to the benchmark selected, net of investment fees.

Time Period	Benchmark*	Actual*
2014, 3rd Quarter	0.03%	(0.02)%
2014, 4th Quarter	0.19%	0.27%
2015, 1st Quarter	0.59%	0.54%
<b>2015, 2nd Quarter</b>	<b>0.15%</b>	<b>0.08%</b>

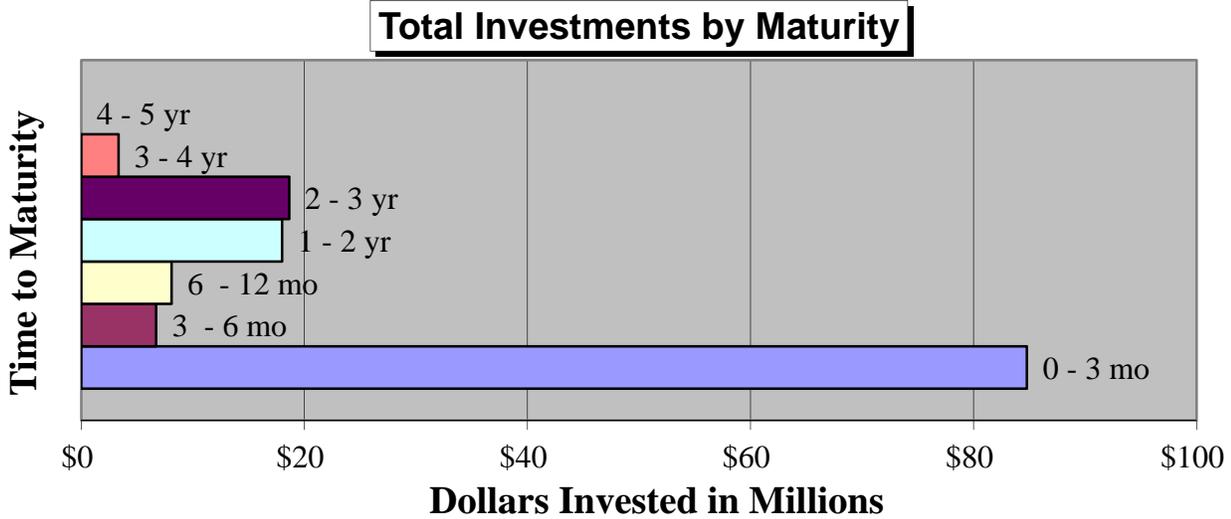
**\*Note:** Yields shown include unrealized gains or losses on securities which are usually not sold prior to maturity or estimated life of the security. See the BMO Portfolio column in Appendix A for actual return on investment.

**Portfolio Advisor Response:** "During the quarter, the total portfolio returned +0.08% net of fees compared to a +0.15% return for the Barclay's 1-3 Year US Government Index. On a one year basis, the portfolio has gained +0.86% net of fees versus +0.91% for the benchmark. It continues to be challenging to generate return with a high-quality, short-duration portfolio given near-zero short-term interest rates.

With the weak first-quarter U.S. economy forcing the market to delay the anticipated start date for the first Fed rate hike, and with Eurozone and Japanese economies showing signs of revival, currency and bond markets experienced bouts of heightened volatility during the second quarter. Certainly, the rapid spike in German government bund yields helped alleviate downward pressure on U.S. Treasury yields and "aided" their rise. Even with the recent backup in U.S. bond yields, investors continue to demand near-zero excess compensation for the risk that rates will increase faster than consensus."

- Joseph A. Olson, BMO Wealth Management, July 20, 2015

TOTAL PORTFOLIO OVERVIEW



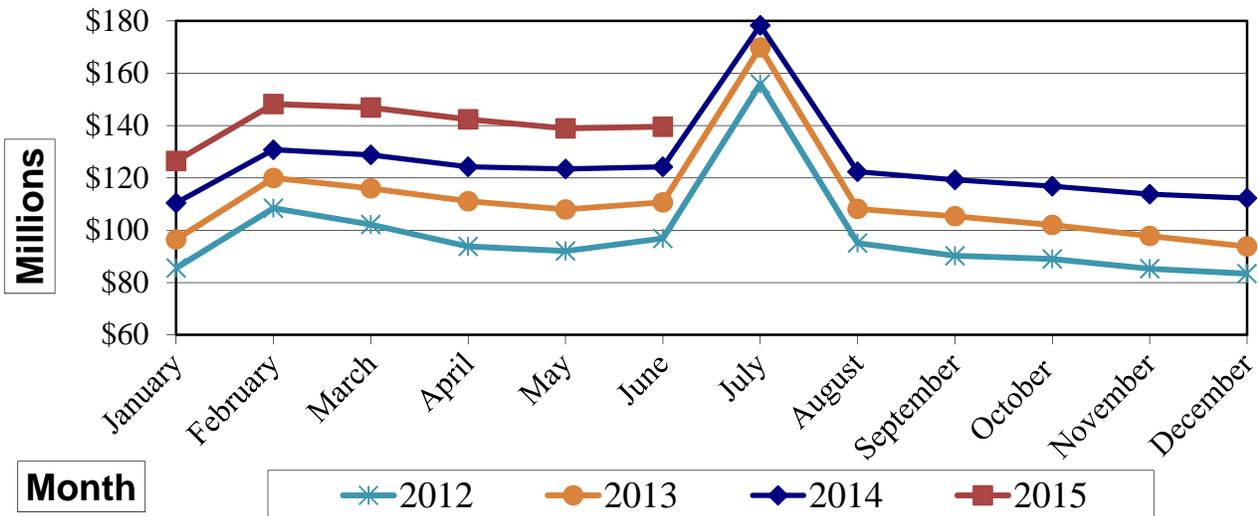
TOTAL PORTFOLIO OVERVIEW – HISTORICAL BALANCES

The following chart shows the historic cash balances of the County portfolio (excluding restricted accounts) with a one year average and 3 year average cumulative cash balance based on monthly balances.

Average Balance	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Cash (1 year)	\$ 98,145,000	\$ 111,598,000	\$ 125,375,000	\$ 133,768,000
Cumulative Cash (3 year)	\$ 89,660,000	\$ 99,804,000	\$ 111,706,000	\$ 119,030,000

CASH FLOW HISTORY

Walworth County Cash and Investment Balance



**LOCAL GOVERNMENT INVESTMENT POOL (LGIP) OVERVIEW**

**Overview of Fund**

The Wisconsin Local Government Investment Pool (LGIP) was created in 1975 to give local governments the opportunity to combine their idle cash to make short-term investments equal to those afforded to state government or large local governments. The LGIP has been designed to consistently maintain the integrity of local funds within a diversified and safe portfolio, provide liquidity, and offer rates of return competitive with comparable investments. The funds from the LGIP are combined with the cash balances of the State of Wisconsin and its agencies, the excess cash of the retirement funds invested by the State of Wisconsin Investment Board (SWIB) and managed as one fund called the State Investment Fund (SIF).

**Investment Objectives**

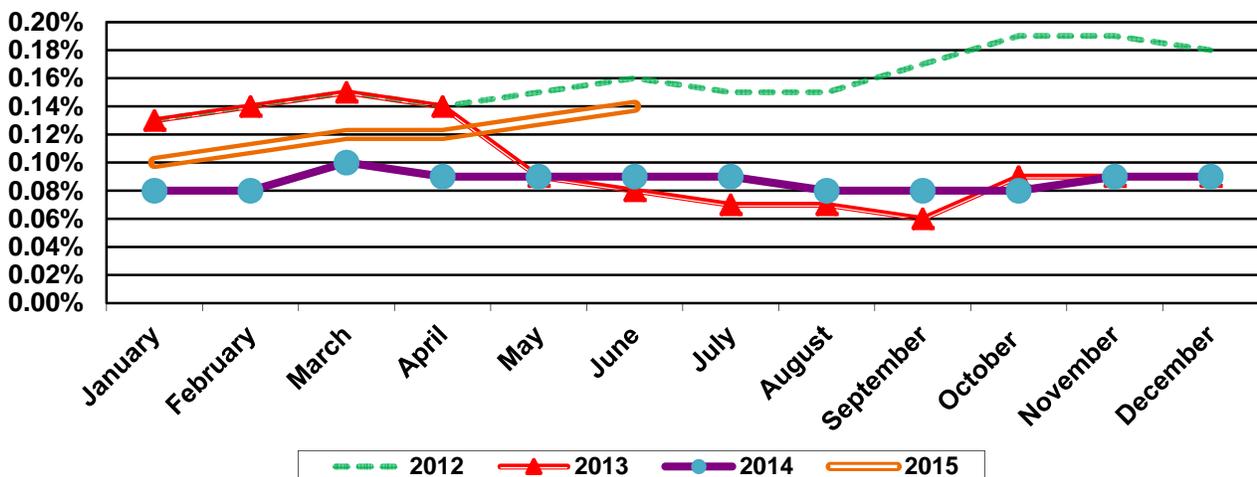
The primary objective of the LGIP is to provide for the prudent management of public funds on behalf of the local government investor. The strategy for meeting this objective is to apply the prudent investor standard and insure that the investment of pool assets is prioritized as follows: safety of principal, liquidity, and rate of return.

**Liquidity Considerations**

The investment portfolio needs to remain liquid to meet the daily operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.

Walworth County expends approximately \$10 million per month. In order to keep cash in our checking account low and still pay bills on time, the County maintains a cash balance with the LGIP as it offers same day liquidity. Over the past twelve months, the LGIP balance has averaged \$37.7 million. The County’s cash flow spikes in February and July occur as a result of temporary investment of property tax receipts. These receipts may be reinvested into securities when interest rates allow for a better return than LGIP.

**LGIP Monthly Interest Rates**



**MONEY MARKET OVERVIEW**

Money markets allow for liquid investments similar to the local government investment pool that may be drawn upon with less than one week advance notice. Open money markets are restricted to investments within the Wisconsin Statutes Section 66.063(1m) and limited to an average maturity of one hundred twenty days or less. The County also allows for collateralized public investment money markets with allowable investment types. The following is a summary of the current investment portfolios and money market accounts.

<b>Financial Institution/Manager</b>	<b>Type of Account</b>	<b>Current Rate</b>	<b>Amount</b>
Mid America	Collateralized Money Market	0.63%	\$ 8,355,971
JPMorgan Chase Bank	Collateralized Money Market	0.02%	1,750,031
Associated Bank	Collateralized Money Market	0.20%	24,878,421
BMO Portfolio Money Market	Government Money Market	0.01%	21,584
Pershing Money Market	Portfolio Money Market	0.01%	5,875
<b>Total Money Market</b>		<b>0.29%</b>	<b>\$ 35,011,882</b>

**Mid America Money Market**

Rates are established by Mid America Bank at the end of each month based on the LGIP rate. Mid America has guaranteed to be at least 0.50% higher than the prior month LGIP rate. These funds are collateralized and available with one week notice. We are currently investing the maximum balance that Mid America Bank will allow.

**JP Morgan Money Market**

Rates are established by JP Morgan Chase Bank and are reviewed and adjusted based on the market, with the intent to exceed the sweep rate. Investment is collateralized at a cost included in the earned interest rate. This account can be withdrawn same day, up to 6 times per month.

**Associated Bank Money Market**

Rates are established by Associated Bank and are reviewed and adjusted based on the market, with the intent to exceed the LGIP rate. Investment is collateralized at a cost included in the earned interest rate. This account can be withdrawn with one day's notice, up to 6 times per month.

### CERTIFICATES OF DEPOSIT OVERVIEW

**CERTIFICATES OF DEPOSIT** are short or medium-term, interest-bearing, FDIC-insured debt instruments offered by banks and savings and loans. CDs offer higher rates of return than most comparable investments, in exchange for tying up invested money for the duration of the certificate's maturity. Money removed before maturity is subject to a penalty. CDs are low risk, low return investments, and are also known as "time deposits", because the account holder has agreed to keep the money in the account for a specified amount of time, anywhere from three months to three years.

<b>Financial Institution</b>	<b>Purchase Date</b>	<b>Maturity Date</b>	<b>Amount</b>	<b>Rate %</b>
Southern Lakes Credit Union	1/15/2013	7/11/2015	\$ 250,000	0.80
Citizens Bank of Mukwonago	8/7/2013	8/5/2015	225,000	0.75
Associated Bank	10/9/2014	10/9/2015	500,000	0.29
Associated Bank	11/13/2014	11/12/2015	1,000,000	0.30
Associated Bank	11/14/2013	11/14/2015	1,000,000	0.40
FirstMerit Bank	12/13/2013	12/18/2015	225,000	0.60
Citizens Bank of Mukwonago	1/8/2014	1/8/2016	225,000	0.80
FirstMerit Bank	2/11/2014	2/11/2016	225,000	0.50
Associated Bank	8/7/2013	8/3/2016	1,000,000	0.71
First Citizens State Bank	8/16/2014	8/19/2016	225,000	0.50
Commercial Bank	12/7/2014	12/8/2016	225,000	0.50
First Citizens State Bank	2/23/2015	2/17/2017	225,000	0.60
<b><i>Yield to Maturity at June 30, 2015</i></b>			<b>\$ 5,325,000</b>	<b>0.51%</b>

During the second quarter, no certificates of deposit were purchased, and \$1,225,345 of certificates of deposit matured. The average duration of the certificates of deposit at June 30, 2015 is 0.62 years.

Although we continue to solicit CD bids, financial institutions have been unresponsive or offering lower than Agency Security interest rates. Financial institutions have shared that they do not need additional cash flow due to excess liquidity.

### SECURITIES/DEBT PORTFOLIO OVERVIEW

**U.S. Treasury Securities** – such as bills, notes and bonds are debt obligations of the U.S. government. When you buy a treasury security, you are lending money to the federal government for a specific period of time. Because these debt obligations are backed by the “full faith and credit” of the government, they are considered the safest of all investments. The primary advantage of the Treasury securities is safety. In addition, Treasuries generally do not have a “call” provision.

**U.S. Government Agency Securities** are debt obligations issued by federal agencies or federally sponsored agencies. Federal agencies are direct arms of the U.S. government; federally sponsored agencies are privately owned and publicly chartered organizations which were created by acts of Congress to support a specific public purpose.

**Government Debt Instruments** of any county, city, drainage district, technical college district, village, town or school district of the State of Wisconsin, if the bond or security is rated in one of the two highest rating categories assigned by Standard and Poor’s Corporation, Moody’s Investors Service, Inc., or other nationally recognized rating agency.

Currently the County has agency securities and treasury notes with BMO and agency, treasury, and debt instruments with Pershing. Please see Appendix B and C for individual holding details.

#### PORTFOLIO SUMMARY

Institution	Original Cost Value	Current Market Value	Total Unrealized Gain/(Loss)	YTD Unrealized Gain/(Loss)	Yield to Maturity at Cost	Average Duration
BMO Portfolio	\$ 5,289,392	\$ 5,283,099	\$ (6,293)	\$ 11,067	0.85%	1.57
Pershing Portfolio	46,948,008	46,819,294	(128,714)	129,506	0.95%	1.81
<b>Total Securities</b>	<b>\$52,237,400</b>	<b>\$52,102,393</b>	<b>\$(135,007)</b>	<b>\$140,573</b>		

#### General Investment Portfolio Information

The yield to maturity at cost and average duration are per the calculations computed in Tracker, our investment software, for the investments currently held.

#### BMO Short Term Investment Portfolio

This portfolio was established on July 29, 2009, within the current ordinance guidelines for the purchase of agency and treasury securities at an average of 1 to 3 years maturity. BMO does not charge commission fees per trade transaction. The cost is 20 basis points annually for the first/minimum balance of \$5 million, and 15 basis points for the next \$10 million.

#### Pershing Portfolio

The County works with four brokers to obtain quotes and bids on investments. The securities are held at Pershing, a subsidiary of Bank of New York Mellon, for safekeeping. During the second quarter, \$7,000,000 of agency securities were purchased and \$3,000,000 were called. \$1,035,000 of Municipal Bonds also matured.

**WALWORTH COUNTY INVESTMENT REPORT**  
**VALUATION AT COST**  
**As of 06/30/2015**

**Definitions of each section below:**

**Investment Yield** is the investment revenue divided by the average daily balance to show the quarterly yield and a one year rolling yield.  
**Investment Revenue** shows the interest earned by each investment tool on a quarterly and one year rolling period.  
**Average Daily Balance** shows the average daily cash balance invested for each investment tool on a quarterly and one year rolling period.

**Investment Yield (Net of Management Fees)**

Time Period	Local Gov Investment Pool	Mid Amer Money Market	CD	Chase Money Market	Associated Bank Money Market	Pershing Portfolio	BMO Portfolio	JP Morgan Chase Banking	Total Investments
<b>2014</b> 3rd Quarter	0.02%	0.15%	0.16%	0.01%	0.05%	0.20%	0.20%	0.04%	0.10%
4th Quarter	0.02%	0.15%	0.13%	0.01%	0.05%	0.20%	0.20%	0.04%	0.12%
<b>2015</b> 1st Quarter	0.03%	0.15%	0.11%	0.01%	0.05%	0.20%	0.19%	0.01%	0.11%
<b>2nd Quarter</b>	<b>0.03%</b>	<b>0.16%</b>	<b>0.12%</b>	<b>0.00%</b>	<b>0.05%</b>	<b>0.20%</b>	<b>0.19%</b>	<b>0.00%</b>	<b>0.10%</b>

**One Year Ending**

<b>2014</b> 3rd Quarter	0.08%	0.59%	0.63%	0.07%	0.20%	0.76%	0.79%	0.16%	0.43%
4th Quarter	0.08%	0.59%	0.61%	0.05%	0.20%	0.77%	0.80%	0.16%	0.43%
<b>2015</b> 1st Quarter	0.09%	0.60%	0.57%	0.04%	0.20%	0.79%	0.79%	0.13%	0.43%
<b>2nd Quarter</b>	<b>0.10%</b>	<b>0.61%</b>	<b>0.52%</b>	<b>0.03%</b>	<b>0.20%</b>	<b>0.80%</b>	<b>0.78%</b>	<b>0.09%</b>	<b>0.43%</b>

**Investment Revenue (Net of Management Fees/Gross of Market Adjustments)**

Time Period	Local Gov Investment Pool	Mid Amer Money Market	CD	Chase Money Market	Associated Bank Money Market	Pershing Portfolio	BMO Portfolio	JP Morgan Chase Banking	Total Investments
<b>2014</b> 3rd Quarter	9,707	12,100	11,898	261	11,499	83,426	10,459	1,179	140,530
4th Quarter	4,451	12,238	10,248	139	11,413	92,488	10,667	789	142,432
<b>2015</b> 1st Quarter	9,671	12,331	8,094	195	11,472	92,121	10,206	279	144,369
<b>2nd Quarter</b>	<b>15,503</b>	<b>12,972</b>	<b>7,589</b>	<b>141</b>	<b>11,928</b>	<b>88,805</b>	<b>10,121</b>	<b>57</b>	<b>147,116</b>

**One Year Ending**

<b>2014</b> 3rd Quarter	25,146	48,388	51,766	5,144	42,270	294,770	40,999	3,989	512,473
4th Quarter	28,288	48,532	48,233	1,862	43,289	319,537	41,833	3,858	535,432
<b>2015</b> 1st Quarter	31,882	48,942	43,110	1,128	45,747	340,492	41,780	3,229	556,311
<b>2nd Quarter</b>	<b>39,331</b>	<b>49,640</b>	<b>37,830</b>	<b>737</b>	<b>46,312</b>	<b>356,839</b>	<b>41,454</b>	<b>2,304</b>	<b>574,447</b>

**Average Daily Balance**

Time Period	Local Gov Investment Pool	Mid Amer Money Market	CD	Chase Money Market	Associated Bank Money Market	Pershing Portfolio	BMO Portfolio	JP Morgan Chase Banking	Total Investments
<b>2014</b> 3rd Quarter	46,629,705	8,180,143	7,641,034	2,550,100	22,810,651	42,668,010	5,206,135	3,075,821	138,761,599
4th Quarter	21,073,057	8,322,609	7,742,195	1,843,778	22,640,224	45,362,732	5,252,362	2,058,446	114,295,405
<b>2015</b> 1st Quarter	35,338,819	8,334,862	7,139,985	4,015,909	23,263,282	45,426,394	5,266,751	2,024,795	130,810,796
<b>2nd Quarter</b>	<b>47,919,473</b>	<b>8,347,438</b>	<b>6,339,392</b>	<b>2,878,665</b>	<b>23,923,241</b>	<b>43,943,581</b>	<b>5,281,962</b>	<b>2,251,082</b>	<b>140,884,834</b>

**One Year Ending**

<b>2014</b> 3rd Quarter	28,582,653	8,259,459	8,433,870	6,063,471	21,163,196	38,985,997	5,220,231	2,622,687	119,331,563
4th Quarter	32,405,607	8,271,689	8,045,209	3,478,045	21,672,490	41,439,565	5,227,901	2,536,569	123,077,075
<b>2015</b> 1st Quarter	34,344,238	8,283,673	7,577,370	3,126,395	22,874,229	43,092,943	5,239,074	2,438,993	126,976,915
<b>2nd Quarter</b>	<b>37,725,534</b>	<b>8,295,911</b>	<b>7,218,467</b>	<b>2,815,417</b>	<b>23,156,687</b>	<b>44,345,396</b>	<b>5,251,638</b>	<b>2,354,610</b>	<b>131,163,660</b>

**Comparison to Benchmark:**

Description	LGIP	Portfolio
Rate of Return - Quarterly	0.03%	0.10%
Rate of Return - Annualized	0.10%	0.43%

**Walworth County Investment Report**  
**Portfolio Holdings as of 06/30/2015**  
Pershing (Custodian for Broker/Dealer Transactions)

Description	Maturity	Quantity	Cost	Market	Total Unrealized Gain/(Loss)
Pershings MM	N/A	5,875	\$ 5,875	\$ 5,875	\$ -
<b>Subtotal Cash &amp; Cash Equivalent</b>		<b>5,875</b>	<b>\$ 5,875</b>	<b>\$ 5,875</b>	<b>\$ -</b>

FAMC 1 9/26/2016	9/26/2016	2,000,000	\$ 2,015,140	\$ 2,012,580	\$ (2,560)
FAMC 2 7/27/2016	7/27/2016	500,000	525,100	508,385	(16,715)
FAMC 2.41 4/29/2016	4/29/2016	1,000,000	1,046,104	1,017,500	(28,604)
FAMC 2.41 4/29/2016	4/29/2016	1,000,000	1,045,293	1,017,500	(27,793)
FFCB 0.36 8/14/2015	8/14/2015	500,000	500,341	500,130	(211)
FFCB 0.4 1/14/2016	1/14/2016	1,000,000	999,373	1,000,650	1,277
FFCB 0.6 4/25/2017	4/25/2017	1,000,000	999,020	998,940	(80)
FFCB 0.65 5/9/2016	5/9/2016	1,000,000	1,000,760	1,002,300	1,540
FFCB 1.05 3/28/2016	3/28/2016	1,000,000	999,900	1,005,620	5,720
FFCB 1.07 9/12/2016	9/12/2016	1,000,000	1,000,000	1,007,540	7,540
FFCB 1.32 5/21/2018	5/21/2018	1,000,000	1,001,160	1,007,870	6,710
FHLB 0.45 8/9/2016	8/9/2016	1,000,000	1,000,000	1,000,470	470
FHLB 0.875 3/10/2017	3/10/2017	1,000,000	1,002,600	1,003,390	790
FHLB 1.08 4/27/2018-15	4/27/2018	1,000,000	999,200	999,550	350
FHLB 1.1 4/20/2018-16	4/20/2018	1,000,000	1,000,800	999,680	(1,120)
FHLB 1.275 12/29/2017-15	12/29/2017	1,000,000	999,500	1,001,810	2,310
FHLB 1.35 6/29/2018-16	6/29/2018	1,000,000	1,000,000	1,003,600	3,600
FHLB 1.375 12/11/2015	12/11/2015	500,000	514,195	502,585	(11,610)
FHLB 1.5 11/24/2017-15	11/24/2017	1,000,000	1,007,500	1,001,590	(5,910)
FHLB 2.125 6/10/2016	6/10/2016	1,000,000	1,046,700	1,016,230	(30,470)
FHLB 4.75 6/8/2018	6/8/2018	1,000,000	1,126,490	1,104,370	(22,120)
FHLB Step 6/25/2018-15	6/25/2018	1,000,000	1,000,000	999,160	(840)
FHLB Step 6/30/2017-16	6/30/2017	1,000,000	1,000,000	1,000,560	560
FHLB Step 7/30/2018-15	7/30/2018	1,000,000	1,001,250	1,000,350	(900)
FHLB Step 8/27/2018-15	8/27/2018	1,000,000	1,000,000	1,000,720	720
FHLMC 0.45 11/24/2015	11/24/2015	1,000,000	1,001,282	1,001,110	(172)
FHLMC 0.7 5/8/2017	5/8/2017	1,000,000	978,250	999,270	21,020
FHLMC 0.7 5/8/2017	5/8/2017	1,500,000	1,501,125	1,498,905	(2,220)
FHLMC 1 6/29/2017	6/29/2017	500,000	494,450	502,745	8,295
FHLMC 1 9/22/2017-15	9/22/2017	1,000,000	1,000,000	1,000,530	530
FHLMC 1 9/27/2017	9/27/2017	1,000,000	1,002,500	1,003,150	650
FHLMC 1 9/29/2017	9/29/2017	500,000	490,230	501,180	10,950
FHLMC 1.125 12/22/2017-15	12/22/2017	1,000,000	1,000,000	1,000,760	760
FHLMC 1.15 12/26/2017	12/26/2017	1,000,000	999,100	1,005,960	6,860
FHLMC 1.5 6/28/2019-16	6/28/2019	1,000,000	995,500	1,001,590	6,090
FNMA 0.375 12/21/2015	12/21/2015	1,000,000	999,250	1,000,710	1,460
FNMA 0.5 9/28/2015	9/28/2015	1,000,000	1,000,120	999,810	(310)
FNMA 0.625 8/26/2016	8/26/2016	1,000,000	1,002,204	1,002,410	206
FNMA 1 4/25/2017	4/25/2017	1,000,000	1,000,000	1,005,140	5,140
FNMA 1.125 1/30/2018-15	1/30/2018	1,000,000	1,001,120	1,000,730	(390)
FNMA 1.125 4/27/2017	4/27/2017	1,000,000	1,013,950	1,007,590	(6,360)
FNMA 1.25 1/30/2017	1/30/2017	500,000	511,750	505,185	(6,565)
FNMA 1.625 10/26/2015	10/26/2015	1,000,000	1,033,877	1,004,730	(29,147)
FNMA Step 5/15/2018-13	5/15/2018	2,000,000	1,999,100	2,001,780	2,680
<b>Subtotal Government Agency Coupon Securities</b>		<b>43,500,000</b>	<b>\$ 43,854,234</b>	<b>\$ 43,756,365</b>	<b>\$ (97,869)</b>

City of Monona 2 10/1/2017	10/1/2017	300,000	\$ 312,927	\$ 306,730	\$ (6,197)
Milwaukee Area Tech College 2 6/1/2016	6/1/2016	500,000	513,835	507,595	(6,240)
Milwaukee Area Tech College 2 6/1/2016	6/1/2016	355,000	369,658	360,392	(9,266)
Ozaukee County 2 3/1/2016	3/1/2016	200,000	205,906	202,182	(3,724)
Verona Area Sch. Dist. 2 4/1/2017	4/1/2017	665,000	683,494	677,635	(5,859)
Verona Area Sch. Dist. 2 4/1/2018	4/1/2018	980,000	1,002,079	1,002,520	441
<b>Subtotal Municipal Debt</b>		<b>3,000,000</b>	<b>\$ 3,087,899</b>	<b>\$ 3,057,054</b>	<b>\$ (30,845)</b>

<b>TOTAL PERSHING PORTFOLIO</b>		<b>46,505,875</b>	<b>\$ 46,948,008</b>	<b>\$ 46,819,294</b>	<b>\$ (128,714)</b>
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Diversification:					
Cash & Cash Equivalents	1%	5,875	\$ 5,875	\$ 5,875	\$ -
Government Agency Securities	93%	43,500,000	43,854,234	43,756,365	(97,869)
US Treasury Notes	0%	-	-	-	-
Municipal Debt	6%	3,000,000	3,087,899	3,057,054	(30,845)
<b>Total PERSHING PORTFOLIO</b>	<b>100%</b>	<b>46,505,875</b>	<b>\$ 46,948,008</b>	<b>\$ 46,819,294</b>	<b>\$ (128,714)</b>

Breakout by Security Type:	
FAMC	\$ 4,555,965
FFCB	6,523,050
FHLB	13,634,065
FHLMC	9,515,200
FNMA	9,528,085
Municipal Debt	3,057,054
<b>Total</b>	<b>\$ 46,813,419</b>

Maturity Schedule (assumes no-call)	
0 - 3 month	\$ 1,505,815
3 - 6 month	3,509,135
6 - 12 month	7,129,969
1 - 2 year	14,730,745
2 - 3 year	16,940,969
3 - 4 year	3,002,661
4 - 5 year	-
<b>Total</b>	<b>\$ 46,819,294</b>

Portion Callable or Mature within 2 years	
Callable	\$ 15,012,410
Maturity	26,875,664
<b>Total</b>	<b>\$ 40,888,074 *</b>

\* Grand total eliminates the duplication of a bond that is in both the callable and maturing within 2 years categories.

**Walworth County Investment Portfolio**  
**Portfolio Holdings as of 06/30/2015**  
**BMO Portfolio**

Description	Maturity Date	Quantity	Cost	Market	Total Unrealized Gain/(Loss)
BMO Government MM	N/A	21,584	\$ 21,584	\$ 21,584	-
<b>Subtotal Cash &amp; Cash Equivalent</b>		<b>21,584</b>	<b>\$ 21,584</b>	<b>\$ 21,584</b>	<b>\$ -</b>

FHLB 0.5 11/20/2015	11/20/2015	100,000	\$ 100,010	\$ 100,128	\$ 118
FHLB 1 6/21/2017	6/21/2017	175,000	176,935	175,966	(969)
FHLB 1.375 12/11/2015	12/11/2015	150,000	153,774	150,776	(2,998)
FHLB 1.625 9/28/2015	9/28/2015	150,000	153,951	150,557	(3,394)
FHLB 1.63 8/20/2015	8/20/2015	200,000	205,892	200,416	(5,476)
FHLB 2.125 6/10/2016	6/10/2016	100,000	104,263	101,623	(2,640)
FHLMC 0.875 3/7/2018	3/7/2018	100,000	100,317	99,679	(638)
FHLMC 1 3/8/2017	3/8/2017	150,000	149,599	150,945	1,346
FHLMC 1 9/29/2017	9/29/2017	200,000	199,007	200,472	1,465
FHLMC 1.75 9/10/2015	9/10/2015	150,000	155,229	150,464	(4,765)
FHLMC 2 8/25/2016	8/25/2016	150,000	155,282	152,658	(2,624)
FNMA 0.5 3/30/2016	3/30/2016	150,000	150,169	150,220	51
FNMA 0.875 10/26/2017	10/26/2017	200,000	200,322	200,138	(184)
FNMA 0.875 12/20/2017	12/20/2017	120,000	119,959	119,924	(35)
FNMA 1.25 1/30/2017	1/30/2017	300,000	299,881	303,111	3,230
FNMA 1.25 9/28/2016	9/28/2016	150,000	152,718	151,474	(1,244)
FNMA 1.25 9/28/2016	9/28/2016	100,000	100,064	100,983	919
FNMA 1.375 11/15/2016	11/15/2016	150,000	152,818	151,785	(1,033)
FNMA 1.375 11/15/2016	11/15/2016	150,000	152,354	151,785	(569)
FNMA 1.5 10/28/2015	10/28/2015	100,000	102,133	100,445	(1,688)
FNMA 1.625 11/27/2018	11/27/2018	75,000	75,170	75,933	763
FNMA 1.625 11/27/2018	11/27/2018	75,000	74,975	75,933	958
<b>Subtotal Government Agency Coupon Securities</b>		<b>3,195,000</b>	<b>\$ 3,234,822</b>	<b>\$ 3,215,415</b>	<b>\$ (19,407)</b>

T-Note 0.5 8/31/2016	8/31/2016	100,000	\$ 99,957	\$ 100,149	\$ 192
T-Note 0.875 7/15/2017	7/15/2017	175,000	174,426	175,738	1,312
T-Note 0.875 8/15/2017	8/15/2017	150,000	149,344	150,550	1,206
T-Note 0.875 8/15/2017	8/15/2017	200,000	199,461	200,734	1,273
T-Note 1 5/15/2018	5/15/2018	200,000	200,226	200,234	8
T-Note 1 5/31/2018	5/31/2018	200,000	197,915	200,078	2,163
T-Note 1 9/30/2016	9/30/2016	150,000	151,277	151,149	(128)
T-Note 1.25 10/31/2015	10/31/2015	50,000	48,381	50,197	1,816
T-Note 1.25 10/31/2015	10/31/2015	75,000	72,487	75,296	2,809
T-Note 1.5 12/31/2018	12/31/2018	180,000	179,621	181,786	2,165
T-Note 1.5 6/30/2016	6/30/2016	150,000	148,313	151,746	3,433
T-Note 1.5 6/30/2016	6/30/2016	100,000	101,980	101,164	(816)
T-Note 1.75 7/31/2015	7/31/2015	40,000	39,995	40,060	65
T-Note 1.75 7/31/2015	7/31/2015	60,000	61,538	60,089	(1,449)
T-Note 1.75 7/31/2015	7/31/2015	50,000	49,522	50,075	553
T-Note 2.625 4/30/2018	4/30/2018	150,000	158,543	157,055	(1,488)
<b>Subtotal US Treasury Notes</b>		<b>2,030,000</b>	<b>\$ 2,032,986</b>	<b>\$ 2,046,100</b>	<b>\$ 13,114</b>

<b>TOTAL BMO WEALTH MANAGEMENT PORTFOLIO</b>	<b>5,246,584</b>	<b>\$ 5,289,392</b>	<b>\$ 5,283,099</b>	<b>\$ (6,293)</b>
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Diversification:					
Cash & Cash Equivalents	1%	21,584	\$ 21,584	\$ 21,584	\$ -
Government Agency Securities	60%	3,195,000	3,234,822	3,215,415	(19,407)
US Treasury Notes	39%	2,030,000	2,032,986	2,046,100	13,114
Municipal Debt	0%	-	-	-	-
<b>Total BMO PORTFOLIO</b>	<b>100%</b>	<b>5,246,584</b>	<b>\$ 5,289,392</b>	<b>\$ 5,283,099</b>	<b>\$ (6,293)</b>

Breakout by Security Type:	
FHLB	\$ 879,465
FHLMC	754,218
FNMA	1,581,732
US Treasury Notes	2,046,100
	<b>\$ 5,261,515</b>

Maturity Schedule (assumes no-call)	
0 - 3 month	\$ 673,244
3 - 6 month	476,842
6 - 12 month	504,754
1 - 2 year	1,590,005
2 - 3 year	1,704,603
3 - 4 year	333,651
4 - 5 year	-
	<b>\$ 5,283,099</b>

Portion Callable or Mature within 2 years	
Callable	\$ -
Maturity	3,244,845
	<b>\$ 3,244,845</b>